110TH CONGRESS
2D SESSION

H. R. 6896

To amend the Internal Revenue Code of 1986 to make permanent the reduction in the rate of tax on qualified timber gain of corporations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 15, 2008

Mr. DAVIS of Alabama (for himself, Mr. BRADY of Texas, Mr. MCDERMOTT, Mr. GOHMERT, Mr. LEWIS of Kentucky, Mr. BONNER, Mr. SMITH of Washington, Mr. REICHERT, Mr. BOREN, Mr. ALEXANDER, Mr. MARCHANT, Mrs. BLACKBURN, Mr. DICKS, Mr. BAIRD, Ms. BERKLEY, Mr. JONES of North Carolina, Mr. DEFAZIO, Mr. DAVIS of Kentucky, Mr. WU, Mr. YOUNG of Alaska, Mrs. MCMORRIS RODGERS, Mrs. MUSGRAVE, Mr. WALDEN of Oregon, Mr. INSLEE, Mr. HASTINGS of Washington, Mr. SCOTT of Georgia, Mr. LARSEN of Washington, Mr. OBERSTAR, Mr. HERGER, Mr. SPRATT, and Mr. ROSS) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to make permanent the reduction in the rate of tax on qualified timber gain of corporations, and for other purposes.

1   *Be it enacted by the Senate and House of Representa-*

2   *tives of the United States of America in Congress assembled,*

3   **SECTION 1. SHORT TITLE.**

4   This Act may be cited as the "Timber Revitalization

5   and Economic Enhancement Act II of 2008".

SEC. 2. PERMANENT REDUCTION IN RATE OF TAX ON QUALIFIED TIMBER GAIN OF CORPORATIONS.

(a) IN GENERAL.—Paragraph (1) of section 1201(b) of the Internal Revenue Code of 1986 is amended by striking "and beginning on or before the date which is 1 year after such date".

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 1201(b) of such Code is amended to read as follows:

"(3) COMPUTATION FOR TAXABLE YEARS IN WHICH RATE FIRST APPLIES.—In the case of any taxable year which includes the date set forth in paragraph (1), the qualified timber gain for such year shall not exceed the qualified timber gain properly taken into account for the portion of the year after such date.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendment made by section 15311(a) of the Food, Conservation, and Energy Act of 2008.

SEC. 3. PERMANENT TIMBER REIT MODERNIZATION.

(a) IN GENERAL.—Subparagraph (H) of section 856(c)(5) of the Internal Revenue Code of 1986 is amended by striking clause (iii).

1 (b) CONFORMING AMENDMENT.—Subsection (c) of
2 section 856 of such Code is amended by striking para-
3 graph (8).

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall take effect as if included in the amend-
6 ment made by section 15312 of the Food, Conservation,
7 and Energy Act of 2008.

SEC. 4. PERMANENT QUALIFICATION OF MINERAL ROY-ALTY INCOME FOR TIMBER REITS.

10 (a) IN GENERAL.—Subparagraph (I) of section
11 856(c)(2) of the Internal Revenue Code of 1986 is amend-
12 ed by striking "the first taxable year beginning after the
13 date of the enactment of this subparagraph" and inserting
14 "any taxable year".

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall take effect as if included in the amend-
17 ment made by section 15313(a) of the Food, Conservation,
18 and Energy Act of 2008.

SEC. 5. PERMANENT MODIFCATION OF PROHIBITED TRANSACTION RULES FOR TIMBER PROP-ERTY.

22 (a) IN GENERAL.—(1) Clause (v) of section
23 857(b)(6)(D) of the Internal Revenue Code of 1986 is
24 amended by striking ", in the case of a sale on or before
25 the termination date,".

1   (2) Subparagraph (H) of section 857(b)(6) of such
2 Code is amended by striking ''In the case of a sale on
3 or before the termination date, the sale'' and inserting
4 ''The sale''.

5   (3) Paragraph (6) of section 857(b) of such Code is
6 amended by striking subparagraph (I).

7   (b) EFFECTIVE DATE.—The amendments made by
8 this section shall take effect as if included in the amend-
9 ments made by section 15315 of the Food, Conservation,
10 and Energy Act of 2008.

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